The City contracts with the Public Employees' Retirement System (PERS) to provide retirement benefits to its employees. The City's PERS costs are projected to increase compared to current costs, but the City has actively planned prepayment which will decrease these future costs. The savings to the City from interest costs are likely to be similar to the amount of the prepayments over time.

**TWO TYPES OF PAYMENTS TO PERS**
- NORMAL COST - percent of payroll that funds the benefit earned in the current year
- FIXED ANNUAL PAYMENTS - payment applied to any unfunded liability

**CITY DOES NOT PARTICIPATE IN SOCIAL SECURITY EQUALS SAVINGS OF 6.2%**

**PERCENTAGE OF CITY EMPLOYEES IN MOST COSTLY TIER 1 PLANS (highest Normal Cost)**
Since both the City and State implemented Pension Reform, the City has realized a decrease in the number of employees enrolled in the more expensive Tier 1 plan.

**FUTURE UNFUNDED LIABILITY ACCELERATED PREPAYMENT FUNDING PLAN**
- Five Year Forecast proposed reinstating Annual Accelerated Payments in FY 2022 through FY 2025 of $250,000 to $750,000.
- Reinvest Early Payment Discount (3.5%) each Fiscal Year towards the Unfunded Liability
- Recognize Salary & Benefit savings at Mid-Year Budget Review as an additional opportunity to provide Accelerated Prepayments to the Unfunded Liability